PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

P.E.I. No. 1 Kensington
P.E.I. No. 2 Roseneath
P.E.I. No. 3 Elmsdale

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

Fourteenth Annual Report

FOR THE FISCAL YEAR ENDED MARCH 31st

1991

KENSINGTON
PRINCE EDWARD ISLAND

PRINTED BY
ALFA-GRAPHICS (1972) LTD., 58 SUMMER ST., SUMMERSIDE, P.E.I.

The HONOURABLE KEITH MILLIGAN

Minister Responsible for the
Prince Edward Island
Grain Elevators Corporation

Dear Sir:

We, the Board of Directors and the Management of the Prince Edward Island Grain Elevators Corporation, have the honor of submitting herewith the Fourteenth Annual Report of the Prince Edward Island Grain Elevators Corporation.

This report includes a brief summary of the operations and the audited financial statements of the Grain Elevators Corporation for the fiscal period April 1, 1990 ending March 31, 1991.

Respectfully submitted,

BOARD OF DIRECTORS

Prince Edward Island
Grain Elevators Corporation

FOURTEENTH ANNUAL REPORT

OF

THE PRINCE EDWARD ISLAND GRAIN

ELEVATORS CORPORATION

For the fiscal year April 1, 1990 to March 31, 1991

BOARD OF DIRECTORS

Allan Ling	President
Leonard McCardle	Vice-President
Clayton Bulpitt	Secretary-Treasurer
Earle Clark	Director
Gerald MacIsaac	Director
Ian Shaw	Director
Jack Chandler	Special Advisor

ADMINISTRATIVE OFFICE STAFF

Patrick Gaudet	Executive General Manager
Debra Montgomery	Administrative Officer
Barbara Walker	Accounting Technician
Shirley Ramsay	Part-time Clerk

ELEVATOR OPERATIONS STAFF
P.E.I. #1 - Kensington, P.E.I.

Clive Drummond	Manager
Kenneth McCarville	Assistant Manager
Andy Gauthier	Elevator Worker/Operator
Eric Proctor	Elevator Worker

P.E.I. #2 - Roseneath, P.E.I.

J. Ronald Somers	Manager
Bill McGuigan	Elevator Worker/Operator

P.E.I. #3 - Elmsdale, P.E.I.

Donald McCarthy ..... Manager
Edmond Gaudet ..... Elevator Worker

The Prince Edward Island Grain Elevators Corporation is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

The Prince Edward Island Grain Elevator Corporation was established under Bill No. 49, the 4th Session, 43rd General Assembly; 26 Elizabeth 11, 1977.

OBJECTIVE OF THE CORPORATION

The objective of the Corporation is to stimulate local feed grain production and to bring uniformity to the industry through marketing of local grain on Prince Edward Island and throughout the Atlantic Provinces.

The Prince Edward Island Grain Elevators Corporation provides a central marketing, drying, storage and distribution outlet to the grain producer, livestock feeder and the feed industry.

FINANCIAL PARTICIPATION

The Prince Edward Island Government provides funding to purchase grain and funds for the Corporation's operating costs. These funds are returned to the Provincial Treasury from the sale of grain and services provided by the Corporation through drying charges, handling and elevator charges, storage and interest charges.

1990-91 CROP YEAR CONDITIONS

The 1990-91 crop year had excellent drying conditions with average yields. The average protein of barley was 10.5% and the average protein of wheat was 11.7%.

PRODUCERS AND USERS OF GRAIN

This report covers the period April 1, 1990 to March 31, 1991, which was the fourteenth year of operation of the Prince Edward Island Grain Elevators Corporation, the eighteenth year for the Kensington Grain Elevator, the fourteenth year for the Roseneath Grain Elevator, and the thirteenth year for the Elmsdale Grain Elevator.

The following is a breakdown of buyers and sellers who are using the grain elevator system:

Kensington (No. 1): There were approximately 150 buyers of grains. The cheques issued to Island grain producers totalled $1,282,000.

Roseneath (No. 2): There were approximately 75 buyers of grains. The cheques issued to Island grain producers totalled $775,220.

Elmsdale (No. 3): There were approximately 50 buyers of grains. The cheques issued to Island grain producers totalled $525,000.

The average price paid to the Island grain producer before deductions was as follows:

Barley	- $121.43 m.t.
Oats	- $ 94.42 m.t.
Wheat	- $143.23 m.t.
Mixed Grain	- $107.42 m.t.

The average price paid for Western grains and Ontario Corn was as follows:

Corn	- $159.36 m.t.
Soybean Meal	- $305.34 m.t.

VOLUME OF HANDLINGS AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat purchased		
P.E.I. #1 Kensington	1222.339	
P.E.I. #2 Roseneath	1184.593	
P.E.I. #3 Elmsdale	118.141	
Total Wheat purchased		2525.073
Island Mixed Grain purchased		
P.E.I. #1 Kensington	264.423	
P.E.I. #2 Roseneath	355.088	
P.E.I. #3 Elmsdale	273.597	
Total Mixed Grain purchased		893.108
Island Oats purchased		
P.E.I. #1 Kensington	315.544	
P.E.I. #2 Roseneath	99.640	
P.E.I. #3 Elmsdale	392.937	
Total Oats purchased		808.121
Island Barley purchased		
P.E.I. #1 Kensington	8350.206	
P.E.I. #2 Roseneath	3672.233	
P.E.I. #3 Elmsdale	3888.316	
Total	15910.755	
Western Barley purchased		
P.E.I. #1 Kensington	597.674	
P.E.I. #2 Roseneath	24.750	
P.E.I. #3 Elmsdale	54.113	
Total	676.537	
Total Barley purchased		16587.292
Ontario Corn purchased		
P.E.I. #1 Kensington	1029.746	
P.E.I. #2 Roseneath	63.949	
P.E.I. #3 Elmsdale	54.304	
Total Corn purchased		1147.999

Soybean Meal purchased		
P.E.I. #1 Kensington	638.260	
Soybeans purchased		
P.E.I. #1 Kensington	314.903	
P.E.I. #2 Roseneath	359.303	
Total Soybeans Purchased		674.206
Lupins purchased		
P.E.I. #1 Kensington	248.540	
P.E.I. #2 Roseneath	242.350	
Total Lupins Purchased		490.890
Total Grain purchased - by elevators		
P.E.I. #1 Kensington	12981.635	
P.E.I. #2 Roseneath	6001.906	
P.E.I. #3 Elmsdale	4781.408	
	23764.949	

As well as purchasing grain from farmers, each elevator also receives grain to dry and store. These volumes are as follows:

P.E.I. #1 Kensington		
Barley	337.519	
Wheat	48.833	
Oats	5.416	
Soybean Meal	126.546	
Soybeans	234.892	
Lupins	32.217	
Total		785.423
P.E.I. #2 Roseneath		
Barley	178.216	
Wheat	76.335	
Oats	96.493	
Lupins	5.335	
Total		356.379
P.E.I. #3 Elmsdale		
Barley	88.127	
Total		88.127

VOLUME OF SALES AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat sold		
P.E.I. #1 Kensington	715.795	
P.E.I. #2 Roseneath	1205.168	
P.E.I. #3 Elmsdale	125.822	
Total Wheat sold		2046.785
Island Mixed Grain sold		
P.E.I. #1 Kensington	472.572	
P.E.I. #2 Roseneath	269.256	
P.E.I. #3 Elmsdale	331.447	
Total Mixed Grain Sold		1073.275
Island Oats sold		
P.E.I. #1 Kensington	785.927	
P.E.I. #2 Roseneath	244.194	
P.E.I. #3 Elmsdale	696.025	
Total	1723.146	
Hull-less Oats sold		
P.E.I. #1 Kensington	16.614	
Total Oats sold		1739.760
Island Barley sold		
P.E.I. #1 Kensington	11794.142	
P.E.I. #2 Roseneath	5943.610	
P.E.I. #3 Elmsdale	5568.651	
Total	23306.403	
Western Barley sold		
P.E.I. #1 Kensington	735.318	
P.E.I. #2 Roseneath	11.970	
P.E.I. #3 Elmsdale	48.406	
Total	795.694	
Total Barley sold		24102.097

Island Rye sold

P.E.I. #1 Kensington	1.000	

Ontario Corn sold

P.E.I. #1 Kensington	781.203	
P.E.I. #2 Roseneath	112.478	
P.E.I. #3 Elmsdale	217.173	
Total Corn sold		1110.854

Soybean Meal sold

P.E.I. #1 Kensington	416.430	
P.E.I. #2 Roseneath	40.105	
P.E.I. #3 Elmsdale	177.870	
Total Soybean Meal sold		634.405

Soybeans sold

P.E.I. #1 Kensington	27.005	
P.E.I. #2 Roseneath	292.750	
Total Soybeans sold		319.755

Lupins sold

P.E.I. #1 Kensington	24.423	
P.E.I. #2 Roseneath	70.000	
Total Lupins sold		94.423

Total Grain sold - by elevator

P.E.I. #1 Kensington	15770.429
P.E.I. #2 Roseneath	8186.531
P.E.I. #3 Elmsdale	7165.394
	31122.354

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have audited the balance sheet of the Province of Prince Edward Island Grain Elevators Corporation as at March 31, 1991 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Grain Elevators Corporation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

J. WAYNE MURPHY, C.A.

Auditor General

Charlottetown, Prince Edward Island
August 8, 1991

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1991
(with comparative figures at March 31, 1990)

ASSETS

	1991	1990
CURRENT ASSETS		
Cash	$ 687,300	$ 132,332
Accounts Receivable – Note 2	1,465,006	999,112
Prepaid Expenses	11,273	42,036
Inventory of Grain	442,564	1,559,638
Deposit on Hedge Contract - Note 7	–	108,604
	2,606,143	2,841,722
FIXED ASSETS		
Equipment – Note 3	6,251	19,500
	$2,612,394	$2,861,222

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Accounts Payable	$ 71,472	$ 65,130
Allowance for Contingent Loss – Note 4	49,732	49,732
Due to Province of Prince Edward Island	2,148,190	2,403,360
	2,269,394	2,518,222
EQUITY		
Contribution by the Province of P.E.I.	343,000	343,000
	343,000	343,000
	$2,612,394	$2,861,222

(The accompanying notes are an integral part of these financial statements)

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1991
(with comparative figures for the year ended March 31, 1990)

	1991		1990	
SALES		$4,222,939		$2,701,364
COST OF SALES				
Cost of goods sold	$4,098,882		$2,515,388	
Freight	10,120		32,718	
		4,109,002		2,548,106
GROSS PROFIT ON SALES		113,937		153,258
OTHER INCOME - Note 5		774,114		491,661
FEDERAL GRANTS - Note 6		82,833		314,747
PROVINCIAL OPERATING GRANT		209,900		195,200
		1,180,784		1,154,866
EXPENSES				
Salaries and Benefits	502,183		462,419	
Interest - Short Term	298,101		300,324	
Power, Light and Water	84,327		76,260	
Repairs and Maintenance	38,050		45,480	
Insurance	48,329		33,179	
Truck	23,346		19,207	
Depreciation	18,905		18,000	
Office and General	37,984		38,599	
Honorariums	20,668		15,531	
Bad Debt	35,423		69,722	
Travel	21,981		19,811	
Telephone and Telegraph	14,662		14,830	
Professional Services	9,203		6,588	
Advertising	8,333		8,844	
Household, Clothing, and Food	9,863		9,054	
Field Supplies and Equipment	5,860		7,911	
Federal Projects - Note 6	82,833	1,260,051	314,747	1,460,506
INCOME (LOSS) ON OPERATIONS		(79,267)		(305,640)
Provincial Appropriations for losses		79,267		378,944
INCOME (LOSS) FOR THE PERIOD		0		73,304
RETAINED EARNINGS (DEFICIT), Beginning of Year		0		(73,304)
RETAINED EARNINGS (DEFICIT), End of Year		$ 0		$ 0

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Summary of Significant Accounting Policies:

   (a) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

   (b) Inventory is valued at the lower of first-in, first-out cost and replacement value.

   (c) Asset purchases less thai. $5,000 are expensed in the period of purchase.

   (d) Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

   (e) The Province of P.E.I. provides the elevator facilities to the Corporation at no charge and is also responsible for most capital repairs. The Corporation's operating results do not reflect these benefits.

2.

	1991	1990
Accounts Receivable - Trade	$ 520,474	$528,038
Less: Deposits held	80,249	72,991
Allowance for Doubtful Accounts	94,959	89,556
	345,266	365,491
Accounts Receivable - Special Bin	744,938	413,455
- Freight Assistance	53,666	59,752
- Other	321,136	160,414
	$1,465,006	$999,112

3.

	1991	1990
Fixed Assets		
Equipment (cost)	$95,656	$119,443
Less: Accumulated Depreciation	89,405	99,943
	$ 6,251	$ 19,500

4. Contingent Liabilities: In 1978 an account receivable of $89,000 was assigned to the Prince Edward Island Lending Authority. The Corporation has guaranteed repayment to the Authority. A likely loss of $49,732 on this account has been charged to income since 1978.

5.

	1991	1990
Other Income		
Handling and Drying	$ 79,489	$100,370
Storage Fees	28,279	32,128
Miscellaneous	37,187	37,630
Interest Revenue	106,971	75,144
Hedging Income (Loss)	147,299	2,824
Feed Freight Assistance	346,641	243,565
Soybean Pool	18,057	-
Lupin Pool	10,191	-
	$774,114	$491,661

6. Federal Grant Projects
During 1990-91 the Corporation recognized grant revenue from the Atlantic Livestock Feed Initiative program. These grants were for Corporation projects that qualified under the program guidelines. The Corporation projects included:

- Protein Analyzer	$33,793
- Storage Study	17,938
- Other projects	31,102
	$82,833

Any revenue not received during 1990-91 is reflected as a receivable at March 31, 1991. Since the projects are 100 percent funded by the Federal program, any fixed assets acquired under this program are not reflected on the Corporation's balance sheet.

7. At March 31, 1990 the Grain Elevators Corporation had a deposit with their broker of $108,604 relating to barley futures contracts totalling $994,700. At March 31, 1990 these contracts provided for the sale of 4,760 tonnes of May 1990 barley for an average price of $115.08 and 3,740 tonnes of July 1990 barley for an average price of $119.49.